



**Comments of the Center for Economic Justice**  
**To the NAIC Property/Casualty Committee**  
**Regarding Commercial Lines Regulatory “Modernization”**  
**December 3, 2017**

While we support existing efforts to improve regulatory processes regarding commercial lines, we object to any new initiatives regarding commercial lines regulation for several reasons.

1. Commercial lines regulation was thoroughly examined just a couple of years ago with specific recommendations. No evidence has been offered that there are any problems with commercial lines regulation, let alone anything new over the past two years. The last effort put forth a series of activities that still need to be implemented and evaluated.
2. The available evidence indicates that commercial lines markets are healthy and no special regulatory initiatives are needed. PCI has routinely argued that the personal lines p/c markets are competitive, producing good outcomes for consumers and that no changes to the regulatory framework or regulatory processes are needed. A review of the NAIC competition database indicates that by all the standard measures of competition, commercial lines are even more competitive than personal lines –
  - a. More insurers than personal lines and far lower market concentration, indicating more competition
  - b. More options for consumers – risk retention groups, surplus lines, captives
  - c. Smaller use of residual markets
  - d. Profitability at or greater than personal lines, again indicating healthy markets

The available evidence does not indicate any problems with commercial lines regulation – at least from the insurers’ perspective – let alone a problem requiring a new NAIC initiative.

3. Finally, it is important to note that industry opposed a proposal that would have gone a long way to improve uniformity across the states – the development of a consistent standard and threshold for exempt commercial policyholder. Industry steadfastly rejected uniformity over their ability to seek more favorable treatment on a state by state basis. Regulators are not responsible and should not take action to repair problems that industry created and industry can fix.

For these reasons – combined with the already-full charges for the C Committee with far greater importance – we oppose any new commercial lines regulatory initiatives and support the existing efforts that came out of the last examination just a couple of years ago.